IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1975

No. 75-1342

PLASTILITE CORPORATION,
Petitioner,

vs.

AIRLITE PLASTICS CO.,
Respondent.

PETITION FOR A WRIT OF CERTIORARI

To the United States Court of Appeals
for the Eighth Circuit

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To the United States Court of Appeals for the Eighth Circuit

Petitioner, Plastilite Corporation, prays that a writ of certiorari issue to review the decision of the United States Court of Appeals for the Eighth Circuit entered in the above-entitled cause on December 18, 1975.

OPINIONS BELOW

The memorandum opinion entered January 30, 1975 by the United States District Court for the District of Nebraska, Judge Denney presiding, Civil Action No. 73-O-149, has been un-

officially reported at 390 F.Supp. 1141, 185 USPQ 313. The order in accordance with the memorandum was filed on February 26, 1975, and has not been reported.

On December 18, 1975, the opinion of the Court of Appeals for the Eighth Circuit, reversing the lower court, was entered. This opinion has not been reported as yet. A petition for re-hearing was denied on January 23, 1976.

Copies of the memorandum opinion, order, opinion on appeal, and denial of the petition for re-hearing are printed in the Appendix hereto.

JURISDICTION

Jurisdiction of this Court is invoked under Title 28, United States Code, Section 1254(1).

QUESTIONS PRESENTED

1. Where the trier of the fact made a first finding of fact in determination of patent validity as to certain alleged prior art, which finding was to the effect of nonobviousness; made a second finding of fact, nevertheless, that said alleged prior art was not a part of the prior art; and then concluded that the claim in question was valid under 35 U.S.C., Section 103; where the Appellate Court found the second finding of fact clearly erroneous, and declared that the alleged prior art was a part of the prior art and then concluded that the patent was obvious, can the Appellate Court ignore the first finding of fact and substitute its own judgment contrary to the first finding of fact of the lower court, where the Appellate Court did not declare the first finding to be clearly erroneous?

2. May the Appellate Court substitute its judgment as to the credibility of expert witnesses and the weight of expert testimony for that of the trier of the facts?

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STATUTES INVOLVED

35 U.S.C. § 103. Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made. July 19, 1952, c. 950, § 1, 66 Stat. 798.

STATEMENT OF THE CASE

Nature of the Action

The case involves a claim by Petitioner of patent infringement of claims 1 and 2 of U. S. Patent No. Re.26,096 issued October 11, 1966 to Frederick A. Lambach, entitled Fishing Float, assigned to Petitioner, said claim of infringement being directed against the manufacture, use and or sale of a comparable float by Respondent.

The Parties

The Petitioner is Plastilite Corporation, a Nebraska Corporation of Omaha, Nebraska; and the Respondent is Airlite Plastics Co., a Nebraska Corporation of Omaha, Nebraska.

The Proceedings Below

Plaintiff filed a complaint in the United States District Court for the District of Nebraska on February 28, 1973, alleging, among other issues not relevant hereto, infringement of the patent in suit. Defendant's answer challenged, among other matters not relevant here, the validity of the said patent.

A non-jury trial was held before Judge Denney of the District Court and on January 30, 1975 Judge Denney issued a memorandum opinion that stated, among other matters not relevant hereto, that claims 1 and 2 of the patent in suit were valid and infringed. On February 26, 1975, an order was entered by Judge Denney to that effect.

Appeal was appropriately taken by Defendant to the Eighth Circuit as to the findings of validity and infringement; briefs were filed, oral hearing was held, and on December 18, 1975 the Court of Appeals for the Eighth Circuit reversed the District Court as to the finding of validity of the patent in suit, declaring claims 1 and 2 invalid, and found it further unnecessary to consider the infringement issue, and others.

A petition for re-hearing was filed by Petitioner before the Eighth Circuit, and was denied on January 23, 1976.

The facts as to Issue No. 1.

The pertinence of Plaintiff's, now Petitioner, Exhibit No. 61 as to (1) its teachings in regard to obviousness, and (2) whether or not it was prior art as to the patent in suit, was a source of great testimony during the trial.

As to (1) the Trial Court made Finding of Fact No. 15 as follows:

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> "15. Plaintiff's Exhibit Number 61 is a spherical bobber bearing the inscription 'Buckeye Bait Corp., Miamisburg, O.' This bobber has a 270° arcuate groove in the plunger for receiving the free end of the wire hook. Between the ends of the groove is a hole for receiving the free end of the wire hook. The depth of the groove is such that the wire hook will slidably contain the fishing line. However, the depth of the hole is such that the fishing line is gripped by the wire hook."

The lower court found no teaching by Exhibit No. 61 as to automatic assembly, thus equating the exhibit to the references of Schmidt (582) and Marsh (999) both references found unsuitable for automatic assembly (see Memorandum Opinion, Conclusions of Law—appendix); and the lower court found Exhibit No. 61 to have a groove and a hole of varying depths in which the free end of the wire hook was receivable, comparable to Cowsert (410) and Schmidt (581), neither of which were found to render the patent in suit obvious. Finding No. 15 was clearly a finding of fact of nonobviousness as to Plaintiff's Exhibit No. 61.

Finding of Fact No. 16 was as follows:

> "Plaintiff's Exhibit Number 61 [Buckeye Bait Bobber] is of uncertain origin and the Court cannot find that this bobber was in the public domain prior to 1963 when the plaintiff's patent application was filed."

In its opinion on this point, the Court of Appeals for the Eighth Circuit found that Finding of Fact No. 16 was clearly erroneous such that Plaintiff's Exhibit No. 16 was part of the prior art. The Circuit Court then proceeded to analyze the Plaintiff's Exhibit 61 as to the question of whether or not its teachings rendered claim 1 in suit obvious, completely ignoring the Finding of Fact No. 15 on this very point by the lower court, the trier of the fact. Furthermore, such determination

as to the teachings of Plaintiff's Exhibit No. 61, a result of which was completely converse the finding of the lower court on this issue, was made without declaring the Finding of Fact No. 15 to be clearly erroneous.

The facts as to Issue No. 2.

There is absolutely no evidence from the memorandum opinion of the lower court as to its treatment of the credibility of any of the witnesses, whether pro or con patent validity, or as to the weight—if any, given to their testimony.

Yet the Circuit Court leaned heavily on such credibility and weight even to the extent that—contrary to the findings and conclusion of the lower court, the Circuit Court declared that even if Plaintiff's Exhibit 61 (see Point No. 1) "were not a part of the prior art" the Circuit Court thought that ". . . we think the improvement represented by the Lambach patent was obvious to those skilled in the art."

To gain this conclusion of their own—which is in direct opposition to that of the actual trier of the facts, the Circuit Court determined that Plaintiff's expert Orr:

> ". . . was equivocal or doubtful when asked on cross-examination whether the annular groove was an obvious solution to the automation problem."

Such a statement on the part of the Circuit Court clearly shows that it is substituting its own judgment as to the credibility of an expert witness for that of the trier of the facts.

From its finding of patent validity, and from the complete lack of comments as to any expert testimony, the lower court either (1) ignored the experts or (2) believed the Plaintiff's expert Orr to be more credible than Defendant's expert Di-Mauro.

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REASONS FOR GRANTING OF THE WRIT

1. The Decision as to Question No. 1 Below Is Inconsistent With Applicable Supreme Court Decisions and Those of Other Circuit Courts.

The Circuit Court would ignore a finding of fact (No. 15) of the District Court, which finding went to non-obviousness of the invention in suit, substitute its own which is to the contrary, all without declaring the finding of fact clearly erroneous (Fed. R. Civ. P. 52(a)). Although the "clearly erroneous" standard of review does not apply in reviewing determinations of obviousness under 35 U.S.C. 103, the Trial Court's determination of the scope and content of the prior art as set forth in Finding of Fact No. 15 *is* subject to such standard of review. *Graham v. John Deere Co.*, 383 U. S. 1, 17, 148 USPQ 459, 467 (1966); *Anderson's Black Rock v. Pavement Co.*, 396 U.S. 57, 163 USPQ 673 (1969).

By the findings of the Circuit Court that fact No. 17 was "clearly erroneous," it could reverse the finding placing Plaintiff's Exhibit No. 61 into the prior art to be considered. As Plaintiff's Exhibit No. 61 was, nevertheless, considered by the lower court and a finding rendered thereon—namely, Finding of Fact No. 16, the Circuit Court could not ignore such finding without finding it also "clearly erroneous," much less overrule it summarily without further comment.

If permitted to stand, the Eighth Circuit's position would be in direct conflict with the decision on this point of the Supreme Court, would further be contrary to the federal statutory law on this point under Rule 52(a), Fed. R. Civ. P., and would also be in conflict with the decisions of the many other circuit courts as reported in the case of *Flour City Architectural Metals v. Alpana Aluminum Products, Inc.*, 454 F.2d 98, 172 USPQ 341 (CA 8, 1972).

2. **The Decision Below as to Question No. 2 Reverses the Position of the Eighth Circuit and Renders It Inconsistent With the Supreme Court.**

The Circuit Court clearly substituted its judgment for that of the lower court, the actual trier of the facts who heard the testimony of the two witnesses Orr and DiMauro. In view of the findings and conclusions of the lower court as to concluding that the invention was non-obvious, although the lower court made no comment it must be assumed that it found more credible the testimony of witness Orr who testified that the invention was non-obvious, as compared to the testimony of DiMauro who testified that the invention was obvious.

Conversely, the Circuit Court declared the testimony of Orr to be:

> ". . . equivocal or doubtful when asked on cross-examination whether the annular groove was an obvious solution to the automation problem."

then stating

> "We think the evidence supports our view that use of an annular groove in the plunger of a fishing float was an obvious solution to the problems facing the industry."

In *Gasifier Manufacturing Co. v. General Motors Corporation*, 138 F.2d 197, 59 USPQ 259 (CA 8, 1943), the Eighth Circuit stated as to this point:

> "The credibility of expert witnesses and the weight of expert testimony is ordinarily for the trier of the facts to determine. (with citations)."

To hold otherwise, as has been done by the Eighth Circuit in the instant case, would further conflict with the position of the Fifth Circuit in *Ziegler v. Phillips Petroleum Co.*, 483 F.2d 858, 177 USPQ 481, cert den 180 USPQ 1 (CA 5, 1973). There the court stated

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> "Similarly, appellate courts must rely heavily upon the findings and credibility choices made by trial courts. Otherwise, we would be thrust into the position of reconsidering credibility and resolving conflicts in expert testimony, a position that mistakes this Court's function. American Seating Co. v. Southeastern Metals Co., 412 F.2d 756, 162 USPQ 329 (5th Cir. 1969); compare Rule 52(a), F.R. Civ. P."

It is therefore respectfully submitted that the position of the Eighth Circuit taken in the instant case reverses its own former position on this point, and places it in direct conflict with the Fifth Circuit. It is submitted that in such circumstance the grant of certiorari would be in order.

CONCLUSION

For the reasons above set forth, this petition for writ of certiorari should be granted.

Respectfully submitted

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March 16, 1976

In the United States District Court
For the District of Nebraska

Plastilite Corporation, a Corporation,
Plaintiff,
vs.
Airlite Plastics Co., a Corporation,
Defendant.
Civil No. 73-O-149

MEMORANDUM

(Filed District of Nebraska February 26, 1975)

Appearances:

For Plaintiff—Louis Strom and H. Robert Henderson, of Omaha, Nebraska

For Defendant—Bruce D. Vosburg, of Omaha, Nebraska

Denney, District Judge

This matter comes before the Court for decision subsequent to a trial to the Court on the merits which was held on October 7 and 8, 1974. Plaintiff claims patent infringement, trademark infringement, and unfair competition arising out of defendant's unauthorized manufacture and sale of fishing bobbers closely resembling those manufactured by the plaintiff. The defendant, by answer, claimed that plaintiff's patent and trademark were invalid and not infringed, and counterclaimed for treble damages under the antitrust laws.

Pursuant to F.R.Civ.P. 52, the Court makes the following specific findings of fact:

Findings of Fact—Patent Infringement

1. Frederick A. Lambach filed a patent application on a fishing bobber on July 24, 1963.

2. On August 4, 1964, patent number 3,142,930 was issued to Frederick Lambach.

3. On October 23, 1965, an application for a reissue patent was filed by Frederick Lambach. Reissue patent number 26,096 was issued. For the purposes of this case, the "reissue" nature of the patent is not important, since the claims (1 & 2) in question here have remained unchanged. [See Appendix A].

4. On July 19, 1963, Frederick Lambach assigned his rights in the patent application to Plastilite Corporation, the plaintiff in this case.

5. The bobbers of patent 3,142,930 were first sold in late 1962 by the plaintiff.

6. For the purpose of this suit, the bobber of patent 3,142,930 teaches two improvements. First, the plunger on the top of the bobber contains an annular groove into which the free end of a wire hook is receivable. Second, the bottom of the bobber has formed therein two parallel spaced apart embossments.

7. The annular ring facilitates assembly of the bobber, and the use of the bobber by a fisherman.

8. The two embossments serve to more securely grip the fishing line when it is attached to the bottom of the bobber.

9. Frederick Lambach invented the 3,142,930 bobber in December, 1960.

10. Frederick Lambach worked for the defendant until August, 1960, when he resigned from the defendant corporation and commenced working for the plaintiff.

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11. Defendant manufactured and sold bobbers having two parallel spaced apart embossments on the bottom in the late 1950's and early 1960's.

12. On July 8, 1964, the plaintiff, through its attorney, Mr. H. Robert Henderson, advised defendant that a plunger having an annular groove but with two walls thereacross would not be an infringement.

13. Thereafter, until approximately 1965 or 1966, the defendant manufactured bobbers having a groove with two walls. Since then, defendant's bobbers have been manufactured with only one wall across the annual groove in the plunger.

14. The patent examiner considered the following references as constituting the prior art:

A. Patent number 2,758,410 issued to C. A. Cowsert on August 14, 1956. This patent taught the use of a sleeve arrangement, in a fishing bobber, where the sleeves coacted to accurately guide the plunger. [See Appendix B].

B. Patent number 2,876,581 issued to L. Schmidt on March 10, 1959. This patent taught the use of a series of holes arranged in an arc, where the free end of the wire hook could be selectively received in any of the holes. The holes were of varying depths to accommodate fishing lines of different diameters. [See Appendix C].

C. Patent number 2,876,582 issued to L. Schmidt on March 10, 1959. This patent taught the use of a wire member which slidably engaged the plunger. The wire member extended from the axial wire typically found in spherical bobbers. Thus, in operation, the hook attachment means (e.g., the end of the axial wire) was

urged to rotate with the plunger. The wire hook was thus automatically kept in alignment with the receiving hole [See Appendix D].

D. Patent number 2,965,999 was issued to G. M. Marsh on December 27, 1960. This patent teaches the use of a plunger that is keyed to the float body so as to be non-rotatable. In addition, the fishing line passed axially through the bobber. The line was secured by an off-center hook, receivable into a single hole in the plunger. [See Appendix E].

15. Plaintiff's Exhibit Number 61 is a spherical bobber bearing the inscription "Buckeye Bait Corp., Miamisburg, O." This bobber has a 270° arcuate groove in the plunger for receiving the free end of the wire hook. Between the ends of the groove is a hole for receiving the free end of the wire hook. The depth of the groove is such that the wire hook will slidably contain the fishing line. However, the depth of the hole is such that the fishing line is gripped by the wire hook.

16. Plaintiff's Exhibit Number 61 [Buckeye Bait Bobber] is of uncertain origin and the Court cannot find that this bobber was in the public domain prior to 1963 when the plaintiff's patent application was filed.

17. Frederick Lambach had a patent search conducted prior to the filing of a patent application. The patents discovered in the search have not been identified as such and introduced into evidence.

18. Upon Lambach's application for a reissue patent, the patent number 3,060,621, issued on October 30, 1962, to L. Schmidt, was included in the prior art.

19. The Schmidt patent teaches the use of a collar on the wire hook, located between the plunger and the fixed end of the

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spring. Thus, the two wire hooks can be automatically and successively disengaged.

20. A patent numbered 2,895,255 was issued on August 18, 1958, to H. B. Irwin. This patent discloses a circumferential groove having friction producing projections therein, for gripping a fishing line. The two sides of the groove are urged together by a spring.

Findings of Fact—Trademark Infringement

1. Red and white were the traditional colors used in fishing floats. In October or November of 1966, the plaintiff decided to use the colors orange (top) and yellow (bottom).

2. Bobbers having the new colors were first sold in interstate commerce on or about February 1, 1967.

3. Application for trademark was filed on June 27, 1967, for the color combination yellow and orange for fishing floats.

4. The registration was issued on January 14, 1969, bearing registration number 863,462.

5. By decision dated August 21, 1973, the Trademark Trial and Appeal Board ordered that registration 863,462 "be cancelled in due course." Airlite was not a party to cancellation proceedings. Cancellation number 9,990.

6. Plastilite has appealed the decision of the Trademark Trial and Appeal Board to the United States Court of Customs and Patent Appeals. Notice of appeal was filed on October 19, 1973.

7. On January 9, 1975, the United States Court of Customs and Patent Appeals affirmed the decision of the Trademark Trial and Appeal Board. Patent Appeal No. 74-556, Cancellation No. 9,990.

8. Plaintiff experienced $104,000 increase in sales from 1966 to 1967, at least part of which resulted from the color trademark.

9. Defendant began using colors substantially the same as plaintiff's trademarked colors in the latter part of 1967.

10. Plaintiff expended approximately $174,000 in printing brochures from 1966 to 1973, which featured the trademarked colors.

11. There is testimony (in the form of depositions) from distributors to the effect that the plaintiff's colors are known to fishermen who buy and use plaintiff's bobbers. In addition, the fishermen are said to associate the trademarked colors with the plaintiff.

Findings of Fact—Antitrust Defense (Misuse)

1. Plastilite supplies more than 50% of the domestic market in plastic fishing bobbers.

2. Airlite supplies approximately 50% of the domestic market in plastic fishing bobbers.

3. The selling prices of plaintiff's and defendant's bobbers are virtually identical.

4. Defendant would suffer economically if required to go back to the two wall design, and/or if forbidden from using the colors yellow and orange.

5. Plaintiff and defendant are the only domestic manufacturers of plastic fishing bobbers. However, there are foreign manufacturers who compete in domestic markets.

Most of the facts stated above were proved without substantial contradiction. Finding No. 17 is exceptional, since it required a

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searching examination of the trial testimony, the exhibits, and the depositions received into evidence. Almost every witness was asked about plaintiff's Exhibit No. 61 [Buckeye Bait Bobbers]. Karl Louis testified that he first saw the bobber many years ago. Jerome Buening regularly attended trade shows and testified that he couldn't remember seeing the bobber at trade shows. In his deposition, Charles Cowsert stated that he was the sole proprietor of Buckeye Bait; that his company made bobbers identical to plaintiff's Exhibit No. 61 from 1949 to 1952; that in 1959 he moved his company from Miamisburg, Ohio, to Council Grove, but did not change the address on the bobber molds, since the molds were expensive. The Court does not consider this testimony of sufficient persuasiveness to meet defendant's burden of proof. In addition, the Cowsert deposition indicates that the bobber was patented and that Cowsert purchased the patent from someone whose name he doesn't remember. If such a patent existed, the defendant had the burden of finding that public record and introducing it into the record. The fact that no such patent was found diminishes the credibility of Cowsert's testimony.

Conclusions of Law

After careful examination of the prior art (Patents numbered 1,758,410; 1,876,581; 2,876,582 and 2,965,000),* the Court finds that the patent in suit is valid. The prior art indicates that inventors sought to solve two separate problems. Schmidt (582) utilized a wire key, while Marsh (999) used nonrotatable plunger. By the use of these keying arrangements, these inventors sought to eliminate the problem of aligning the wire hook in a small hole while fastening the bobber to a line. These two patents would be largely unsuitable for automatic assembly, due to difficulties in aligning the parts.

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* Changed by letter of Judge Denney dated April 16, 1975 to "2,758,410; 2,876,581".

Another problem is accommodating different diameter fishing line. Cowsert (410) and Schmidt (581) solved this problem by using two or more holes of varying depths in which the free end of the wire hook was receivable.

In contrast to the prior art, plaintiff's patent is directed toward ease of automatic assembly which mandated that the wire hook be receivable in a depression regardless of the alignment of the free end of the hook. Clearly, the prior art did not render the plaintiff's solution obvious. The Court notes that a series of holes arranged in an arc was disclosed in the prior art, and the argument has been made that it would be obvious to remove the partitions between the holes. This argument is not persuasive, as the Schmidt (581) illustrates that separate holes were necessary so as to accurately grip fishing lines of different diameters. Were the partitions between the holes removed, the Schmidt (581) patent would not perform its stated purpose. For these reasons, the Court concludes that the plaintiff's device was not obvious in light of the prior art. 35 U.S.C. § 103; *Graham v. John Deere Co.*, 383 U.S. 1 (1966). The other conditions of patentability, 35 U.S.C. §§ 101-2, have not been seriously challenged and the Court therefore finds the plaintiff's patent claims 1 and 2 to be valid.

Turning to the defendant's bobber, the Court finds that the only element distinguishing it from plaintiff's device is a partition in the annular recess in the plunger. Claim 1 of the Lambach patent (Re 26,096) reads in part as follows:

> A pair of inner and outer annular rings with an annular recess therebetween in said plunger for receiving said first of said hooked ends of said [shaft] on the inner ring, said first of said hooked end portions having its terminal end extending into the recess between said [rings], said plunger being rotatable while said first hooked end portion is on the inner ring and with its terminal end disposed in said

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annular recess and said plunger is biased to its maximum extent outwardly of said bore;

The bracketed words are the Court's correction of obvious errors in the wording of Claim 1.

As previously stated, the recess in the defendant's plunger is not a complete annulus, but does form almost a complete circle (approximately 355 degrees of arc). Although not within the literal wording of Claim 1, the Court views the defendant's plunger as falling within the doctrine of equivalents. *Graver Tank and Mfg. Co., Inc. v. Linde Air Products Co.*, 339 U.S. 605 (1950); *Montgomery Ward & Co. v. Clair*, 123 F.2d 878 (8 Cir. 1941); *Ralston Purina Co. v. General Foods Corp.*, 442 F.2d 389 (8 Cir. 1971). The Court finds that the defendant's bobber is substantially identical in the result obtained, the means of obtaining that result, and the manner in which the different elements operate. In addition, the Court was not persuaded by the evidence that the partition served any useful purpose. For these reasons, the Court finds that the deefndant's bobber infringes Claim 1 of plaintiff's patent. 35 U.S.C. § 271.

Claim 2 of plaintiff's patent is dependent on Claim 1, and the Court finds that it, too, is infringed by defendant's bobber. The defendant's argument that Claim 2 adds only a non-novel element is specious. A dependent claim need not add a patentable element other than that stated in the independent claim. 37 C.F.R. § 1.75. In fact, two or more inventions may not be claimed in the same patent. 37 C.F.R. §1.141.

Even though a patent is valid and infringed, a Court should deny recovery where it is shown that enforcement would strongly conflict with the provisions of the Federal Antitrust Laws. *Transparent-Wrap Mach. Corp. v. Stokes & Smith Co.*, 329 U.S. 637 (1947). The evidence in this case does not establish that the defendant would cease to be an effective competitor; that there are no other solutions to the problem of auto-

matic assembly of bobbers; or that the plaintiff will extort an unreasonable royalty were the patent enforced. There is no doubt that enforcement will give the plaintiff a competitive edge, but the Court does not conclude that illegal, anti-competitive results will inexorably follow. There was absolutely no evidence, outside that establishing the market share enjoyed by the parties, of prior violations of the antitrust laws.

Turning now to the issues relating to the plaintiff's color trademark, the Court first notes that the plaintiff's mark has been held not registerable on the principal register, 15 U.S.C. § 1052, in the absence of proof of secondary meaning. This Court is extremely hesitant to disagree with the Court of Customs and Patent Appeals which ruled plaintiff's colors unregistrable. The preferred method of contesting that decision is by petitioning the Supreme Court for certiorari, rather than litigating the issue in this Court. 28 U.S.C. § 1256; 15 U.S.C. §§ 1121-1122. Similarly, this Court is reluctant to consider registrability of plaintiff's mark, with proof of secondary meaning, where that issue has not been first presented to the Patent Office. The Court, however, does have the power to "restore cancelled registrations." 15 U.S.C. § 1119. In this regard, plaintiff's colors must qualify as a "trademark" before plaintiff is entitled to registration on the principle register, 15 U.S.C. § 1052. The Lanham Act definition of trademark states that:

> The term "trademark" includes any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others. 15 U.S.C. § 1127.

There is little dispute that color or combination of colors, by itself, cannot constitute a valid trademark. This rule is based on the fear that the supply of appealing colors and combinations would be quickly appropriated. *See Campbell Soup Co. v. Armour & Co.*, 175 F.2d 795 (3 Cir. 1949). Likewise, there

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is no doubt that a geometric figure of a particular color can constitute a valid trademark. *A. Lescen & Sons Rope Co. v. Broderick & Bascom Rope Co.*, 201 U.S. 166 (1906); *Application of Hehr Mfg. Co.*, 279 F.2d 526 (C.C.P.A. 1960). This case, however, involves fishing bobbers of typically spherical design which are typically made of two different colored hemispheres. It cannot be said that the colors of plaintiff's bobbers are used in conjunction with a distinctive geometric shape where the spherical shape and two color format of bobbers is so traditional. Thus, the Court finds that plaintiff's color format is not inherently distinctive.

Even though not inherently distinctive, a trademark is registrable if, through advertising, exclusive use, and the like, it serves, in fact, to identify the source of the goods. The Lanham Act establishes a period of five years of substantially exclusive use immediately preceding an application for registrability. 15 U.S.C. § 1052(f). In the present case, the Court is presented with considerably less than prima facie evidence. Less than one year after plaintiff began using the colors, defendant followed suit. There is no accounting of advertising monies *specifically* referable to the color format. In addition, the testimony of distributors relative to customer recognition of the color format as distinctively indicating plaintiff as the origin of the bobbers, is unpersuasive. At the time suit was brought, both parties had been using the virtually identical colors for approximately four and one-half years. For these reasons, the Court finds that the plaintiff's color format should not be deemed registrable on the principle register.

The Court has also considered whether the plaintiff's color format is protectable under State law. Nebraska has recently enacted a trademark law very similar to the Lanham Act. Neb. Rev. Stat. § 87-101, *et seq.* (1967). Since plaintiff has not registered under the Nebraska act, it is therefore not entitled to protection thereunder. Neb. Rev. Stat. § 87-121. However, the

Nebraska act has a saving clause which preserves common law trademark rights. Such rights are fully explained in *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1915), which demonstrates that the common law rules relative to what types of features are protectable as trademarks are virtually identical to the rules stated in the Lanham Act. *See* 15 U.S.C. §§ 1052 and 1091. The Court therefore concludes that, absent secondary meaning, the plaintiff's two color format is not protectable under the common law. Thus, the Court is faced with determining the scope of secondary meaning under Nebraska common law. Relying on *Skinner Mfg. Co. v. General Food Sales Co.*, 52 F.Supp. 32 (D. Neb. 1943); *Schreiber Mills, Inc. v. The O. A. Cooper Co., Inc.*, 87 F.Supp. 674 (D. Neb. 1949), the Court is persuaded that the Nebraska common law of secondary meaning is very similar to that enunciated in the Lanhan Act. Thus, plaintiff is not entitled to recovery under the common law.

Lastly, plaintiff claims recovery under the law of unfair competition. The rationale for denying trademark protection is largely applicable to this contention. The Court is persuaded by the fact that the plaintiff did not establish a substantial period of exclusive use. In essence, the plaintiff discovered a color combination that caught the fancy of consumers, and the defendant quickly followed suit. The Court concludes that plaintiff did not, through diligence, carve out a portion of an established market, but, instead, discovered a new market. *See Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938); *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964). For these reasons, recovery for unfair competition will be denied.

Similarly, recovery will be denied under 15 U.S.C. § 1125(a) for the reasons stated in K. B. Germain, *Unfair Trade Practices Under Section 43(a) of the Lanham Act*, 6 Pat. L. Rev. 323 (1974).

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Defendant's counterclaim under the antitrust laws is unsupported by any evidence, save the fact that the parties are the only domestic manufactures supplying the domestic plastic fishing bobber market. Each party enjoys approximately 50% of that market. The United States Supreme Court has held that evidence of size alone is not sufficient to state a prima facie case under the antitrust laws. *United States v. Grinnell*, 384 U.S. 563 (1966). Significantly, the defendant has produced no evidence that plaintiff has used its share of the market in an abusive manner to stifle competition.

An order in accordance with the findings of fact and conclusions of law stated herein will be filed contemporaneously herewith.

Dated this 25th day of February, 1975.

Inu the United States District Court
For the District of Nebraska

Plastilite Corporation, a Corporation, Plaintiff, vs. Airlite Plastics Co., a Corporation, Defendant.	Civil No. 73-O-149.

ORDER

(Filed District of Nebraska February 26, 1975)

In accordance with the Memorandum filed contemporaneously herewith.

It Is Therefore Ordered that the patent in suit is valid and infringed by the defendant.

It Is Further Ordered that plaintiff's motion to amend its complaint instanter is granted.

It Is Further Ordered that judgment be entered in favor of the defendant on plaintiff's second and third causes of action.

It Is Further Ordered that further proceedings relating to the amount of damages, if any, will be scheduled by the Court, and counsel are directly to notify the Court of a suitable date.

Dated this 25th day of February, 1975.

By the Court

ROBERT V. DENNEY
United States District Judge

BLEED THROUGH

United States Court of Appeals
For the Eighth Circuit

No. 75-1441

Airlite Plastics Co., Appellant, v. Plastilite Corporation, Appellee.		Appeal from the United States District Court for the District of Nebraska.

Submitted: September 11, 1975

Filed: December 18, 1975

Before Van Oosterhout, Senior Circuit Judge, Bright, Circuit Judge, and Smith, Senior District Judge.*

Van Oosterhout, Senior Circuit Judge.

Plastilite Corporation (Plastilite), assignee of the United States Patent No. 3,142,930 (Lambach patent),[1] brought this action in the district court against Airlite Plastics Co. (Airlite) alleging patent infringement, trademark infringement, and unfair competition arising out of defendant's allegedly unauthorized manufacture and sale of fishing bobbers closely resembling those manufactured and sold by plaintiff. Airlite in its answer challenged the validity of the Lambach patent, denied infringe-

* Talbot Smith, Senior District Judge, Eastern District of Michigan, sitting by designation.

[1] United States Patent No. 3,142,930 was reissued in 1966 as No. RE 26,096. Claims 1 and 2, the claims here in question, have remained exactly the same.

ment, and counterclaimed under the antitrust laws. Following a trial to the court, the district court[2] held Plastilite's Lambach patent valid and infringed, that Plastilite had not established a valid statutory[3] or common law trademark based on a color scheme, and that Airlite's counterclaim was unsupported by any evidence. The trial court's Memorandum Opinion is reported at 390 F.Supp. 1141 (D.Nebr. 1975). We reverse on the ground that claims 1 and 2 set forth in the Lambach patent were obvious within the meaning of § 103 of the Patent Act, 35 U.S.C. § 103.

A detailed description of the Lambach patent, including diagrams, is found in the district court's reported opinion. 390 F.Supp. at 1143, 1149-1153. Briefly, the patent in suit covers the design of a fishing bobber. The claims here disputed[4] involve an annular groove on the top of the bobber plunger into which the free end of a wire hook is receivable. On the bottom of the bobber two parallel embossments or ribs are found which enable a fishing line to be more firmly attached to the bottom of the bobber when the line is threaded into the eye of a wire hook between the two ribs.[5] The annular groove in the plunger is deep enough that a tight bight on a fishing line threaded through the upper wire hook is achieved when the free end of the hook is completely seated on the inner ring of the groove. There

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[2] Honorable Robert F. Denney, United States District Judge, District of Nebraska.

[3] Plastilite claimed statutory trademarks under both federal and state (Nebraska) trademark laws.

[4] The text of claim 1 of the Lambach patent, upon which claim 2 is dependent, is found in the trial court's reported opinion. 390 F. Supp. at 1146.

[5] The trial court's finding of fact No. 11, 390 F.Supp. at 1144, states that bobbers having two parallel ribs or embossments on the bottom were on the market prior to one year before the patent in suit was applied for. Plastilite has not seriously challenged this finding. Such finding invalidates claim 2 for lack of novelty. *See* 35 U.S.C. § 102(a).

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is evidence that the improvement represented by the Lambach patent has contributed to the commercial success of the bobber because it is well adapted for mass production. Plastilite has been manufacturing and selling the bobber described in the Lambach patent since 1962. The patent was first issued August 4, 1964. Since 1965 or 1966 Airlite, the defendant, has been manufacturing and selling bobbers similar to the bobber described in the Lambach patent, having a plunger with an annular groove interrupted by a single wall or partition.

On appeal, Airlite contends (1) the Lambach patent is invalid under 35 U.S.C. § 103 because it was obvious at the time it was applied for to a person having ordinary skill in the field of bobber design, (2) Airlite's bobber does not infringe on the Lambach patent, if valid, (3) Plastilite's eight-year delay in bringing this suit bars the action on the laches and collateral estoppel grounds, and (4) Plastilite's knowing failure to disclose pertinent prior art to the Patent Office invalidates the Lambach patent. Because we agree with Airlite that the Lambach patent is invalid for obviousness, we find it unnecessary to consider issues 2, 3, and 4, *supra*.

Scope of Review

Our scope of review of the district court's finding that the patent in suit is nonobvious was set forth by the Supreme Court in *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966):

> While the ultimate question of patent validity is one of law, * * * the § 103 condition which is but one of three conditions, each of which must be satisfied, lends itself to several basic factual inquiries. Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent

art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined.

The "clearly erroneous" standard of review found in Fed. R.Civ.P. 52(a) does not apply in reviewing determinations of obviousness under 35 U.S.C. § 103. *Flour City Architectural Metals v. Alpana Aluminum Products, Inc.*, 454 F.2d 98, 106 (8th Cir. 1972). The ultimate question of obviousness vel non is a matter of law, not fact. *Id.* However, certain "factual inquiries" such as (1) the trial court's determination of the scope and content of the prior art; (2) the trial court's ascertainment of the differences between the prior art and the patent claims at issue; and (3) the trial court's resolution of the level of ordinary skill in the pertinent art are subject to the constraint of Rule 52(a) on review. *Id.*

Scope and Content of Prior Art

A desirable feature of any fishing bobber is a mechanism whereby a fishing line can be secured to the bobber either securely or for slip line fishing. The prior art with respect to the Lambach patent discloses the use of the hooked pins slideably fitted through a spring driven plunger, with the free end of the hook being receivable in the plunger in various ways, usually a hole or recess, to secure a firm bight when a fishing line is threaded through the hooked eye of the pin. The Schmidt patent, U.S. No. 2,876,582, cited by the Patent Office in the Lambach patent, teaches the use of two holes or recesses to receive the free end of the hooked pin and spaced 180° apart around the rotatable plunger on which the hooked pin is mounted. Said recesses are of different depths allowing the free end of the hooked pin to seat at different depths, thus forming a loop in the hooked pin through which a fishing line may freely pass when the pin is seated in the shallow recess and providing for a tight bight on a fishing line when the pin is seated in the deeper recess. Another Schmidt patent, U.S. No.

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2,876,581, also cited by the Patent Office, provides for a series of circumferentially arranged connected recesses, each of a different depth in the bobber sphere, which allows means for gripping fishing lines of varying diameters when the pin is seated in the respective recesses. The Cowsert patent, U. S. No. 2,758,410, teaches the use of two recesses on the sphere of the bobber spaced 90° apart and radially away from the wire hook. Again, one recess is more shallow than the other to provide a secure bight or a freely moving fishing line when the pin is seated in the respective recesses.

There is also evidence in the record that a fishing float known to the parties as the Cowsert (not to be confused with the Cowsert patent, *supra*) or Buckeye bobber was a part of the prior art. This bobber, apparently not patented prior to the Lambach patent, has a 270° arcuate groove or recess on the surface of the plunger into which a free end of a hooked pin is receivable. Between the two ends of the arcuate groove is a partition in which a single conventional recess is found. When the rotatable hooked pin is seated in the latter recess a tight bight is achieved on a threaded fishing line. The depth of the arcuate groove is such that the eye of the hooked pin is raised when seated in the groove, allowing for slip line fishing. The Buckeye bobber also has two parallel embossments on either side of the lower opening of the bobber. By deposition entered into evidence Charles Cowsert testified that Buckeye Bait Corporation, of which he was president and owner, manufactured sold and displayed the Buckeye bobber in trade shows during the years 1949-1952, more than 10 years before the Lambach patent was applied for. Although the Buckeye bobber in evidence has "Pat. Pend." stamped on the sphere, there is no evidence in the record to indicate that a patent was issued on the bobber.

We think that finding of fact No. 16 in the trial court's opinion, 390 F.Supp. at 1144, that the Buckeye bobber was not part of the prior art is clearly erroneous. The trial court

discounted Charles Cowsert's deposition testimony at least in part because of the court's belief that the Buckeye bobber was patented and that defendant had failed to produce the patent. This was clearly erroneous. There is no reference in the Cowsert deposition to a patent on the *Buckeye* bobber. The court's reference to a bobber whose patent had been purchased was actually to Exhibit No. 2 of the deposition, a yellow and white bobber with Dayton, Ohio, stamped on it. Direct corroboration for Cowsert's statement that he sold and manufactured the Buckeye bobber prior to the application for the Lambach patent is found in the deposition of Jerome Buening, the past president of a competitor company, indicating that he had seen the Buckeye bobber when Buckeye Bait Corporation was located in Miamisburg, Ohio. Our examination of the Buckeye bobber,[6] the molds used to make the plunger used in it, and the Cowsert deposition, convinces us that the Buckeye bobber was in fact a part of the prior art when the patent in suit was applied for.

Differences Between the Prior Art and Lambach Patent

The trial court found that the prior art patents raised two separate problems: (1) the problem of aligning the wire hook in a small hole while fastening the bobber to a fishing line, and (2) accommodation of different diameter fishing lines. The Cowsert and Schmidt (No. '581) patents solved the latter problem by using two or more holes of different depths into which the end of the wire hook was receivable. The trial court found that the alignment problem had not been solved by the patents cited as prior art. The Schmidt patent, No. '581, teaching the use of a series of holes arranged in an arc where the free end of the wire hook could be selectively recessed in any of the holes was distinguished on the ground that the separate holes func-

[6] An appellate court has the right to examine and interpret exhibits for itself. *American Infra-Red Radiant Co. v. Lambert Industries, Inc.*, 360 F.2d 977, 988 (8th Cir. 1966).

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tioned only to grip fishing lines of different diameters and not to facilitate alignment of the wire hook.

The trial court found it unnecessary to determine the difference between the Buckeye bobber and the patent in suit because it considered the Buckeye bobber not to be a part of the prior art. Our finding that the Buckeye bobber was a part of the prior art requires us to determine the differences between the two. The groove on the plunger of the Buckeye bobber is incomplete but in excess of 270°. The groove is not as deep as that found in the patent in suit, thus not allowing the wire hook to seat completely on the inner ring or lip of the groove as it does in the patent in suit. There is evidence that the shallow groove in the Buckeye bobber functions to allow slip line fishing while the deeper recess between the ends of the arcuate groove provides for a tight bight on the fishing line. There is other evidence, however, indicating that tight line fishing may be achieved when the hook is seated in the arcuate groove and an appropriate diameter fishing line is used. The annular groove in the patent in suit only allows for tight line fishing. The alignment problem exists in the Buckeye bobber when the hook is to be seated in the single recess. There is very little alignment problem in the Buckeye bobber when the hook is to be seated in the arcuate groove. Plaintiff's patent is directed toward ease of automatic assembly which necessitates that the wire hook be freely receivable in the head of the plunger regardless of its alignment. There was expert testimony that the design of the Buckeye bobber does not lend itself very well to automation.

Invalidity of the Patent

The trial court made no finding with respect to the level of ordinary skill in the art of fishing float design at the time the patent in suit was applied for. Both parties presented expert testimony on whether a person skilled in the art of bobber

design would have found the use of an annular ring on a bobber plunger to be an obvious solution to the problem stated, *supra*. Such testimony is conflicting. Our review of the entire record convinces us that the level of skill in fishing float design during the time in question was such that an annular groove of the type found in the patent in suit was an obvious solution to the problems facing persons skilled in the art of fishing float design. Our decision is based on (1) the prior art, especially the Buckeye bobber, and (2) evidence of the level of skill possessed by those skilled in the art of fishing bobber design.

We are convinced that the arcuate groove in the plunger of the Buckeye bobber anticipates the annular groove claimed in claims 1 and 2 of the Lambach patent. We think it would be obvious to a person having ordinary skill in the field to improve on the arcuate groove found in the Buckeye bobber plunger by increasing its depth and extending it from 270° to 360°. In *American Infra-Red Radiant Co. v. Lambert Industries, Inc.*, 360 F.2d 977, 987 (8th Cir. 1966), we said:

> We have held in the past and we continue to hold that "[i]nvention will not be decided on the narrow issue of degree," and that the mere changing of form, proportions, or size will not alone constitute "invention." [Citation omitted.] This is true even though the change brought about better results.

We think the differences between the Buckeye bobber and the patent in suit are merely ones of "form, proportions, or size." It matters not that the Lambach bobber works better. It doubtless is an improvement in the art. Nevertheless, an improvement which is obvious to those skilled in the art is not entitled to protection. The Lambach bobber is such an improvement.

Even if the Buckeye bobber were not part of the prior art, we think the improvement represented by the Lambach patent was obvious to those skilled in the art. Only two of the

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testifying witnesses could be classified as experts in fishing float design. Defendant's witness Sam D. Mauro, an employee of defendant (tool room foreman), testified that an obvious solution to the automation of bobber assembly problems would have been the use of an annular groove in the plunger. Plaintiff's expert, Donald Orr, a machine shop operator, was equivocal or doubtful when asked on cross-examination whether the annular groove was an obvious solution to the automation problem. We think the evidence supports our view that use of an annular groove in the plunger of a fishing float was an obvious solution to the problems facing the industry.

In *Graham v. John Deere, supra*, the Supreme Court said that "secondary considerations [such] as commercial success, long felt but unsolved needs, failure of others, etc. might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented." 383 U.S. at 17-18. There is evidence that the Lambach patent and defendant's allegedly infringing bobber contributed greatly to the respective company's commercial success. However, as we stated in *American Infra-Red Radiant Co. v. Lambert Industries, Inc., supra*, "[c]ommercial success without invention undoubtedly cannot support a patent." 360 F.2d at 989. Commercial success is not itself decisive. *Id.* We think the patent in suit was so obvious that its commercial success does not overcome the obstacles presented by 35 U.S.C. § 103.

We hold that the Lambach patent, U.S. No. 3,142,930 (Reissue No. 26,096) fails to meet the nonobvious test found in 35 U.S.C. § 103. Such holding makes it unnecessary to consider the infringement and other issues raised.

Reversed.

A true copy.

Attest:

Clerk, U. S. Court of Appeals, Eighth Circuit

United States Court of Appeals
for the Eighth Circuit

75-1441 September Term, 1975

Plastilite Corporation, etc., Appellee, vs. Airlite Plastics Company, etc., Appellant.	Appeal from the United States District Court for the District of Nebraska.

Petition of appellee for rehearing filed in this cause having been considered, it is now here ordered by this Court that the same be, and it is hereby, denied.

January 23, 1976

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